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June 17, 1998

Arizona Corporation Commission
DOCKETED

VIA HAND DELIVERY

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

JUN 17 1998



Re: Revised Tariff of the Arizona Electric Power
Cooperative, Inc. ("AEPCO"); Docket No. E-01773A-
97-0742

Dear Sir/Madam:

Enclosed and filed this date is the revised Tariff of
AEPCO with a proposed effective date of August 1, 1998.

There are two changes reflected in the revised Tariff as
follows:

1. At page 1 under Billing Demand, AEPCO has been substituted for the Arizona Power Pooling Association ("APPA"), the footnote reference has been stricken and the corresponding footnote at page 3 has been deleted. Recently, APPA's two members other than AEPCO, Electrical District No. 2 ("ED2") and the City of Mesa ("Mesa") elected to withdraw from APPA for scheduling, dispatching, accounting and billing purposes. As a result of ED2 and Mesa's withdrawal, APPA no longer has scheduling responsibility for these loads and there is no longer an APPA peak which AEPCO may use for billing demand purposes. Thus, the AEPCO peak has been substituted for this purpose. Prior to filing, AEPCO has discussed this change with Utilities Division Staff.
2. At page 3, the section relating to the Fuel Bank Account Refund has been deleted as a "clean up" item. The refund discussed there was completed in 1994 and the section is no longer necessary.

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AEPCO proposes the revised Tariff take effect August 1, 1998 for July usage and August billing purposes. Should Staff have any questions about the enclosed, please contact me or Gary Pierson at AEPCO.

Very truly yours,

By 
Michael M. Grant

Enclosure

Original and 10 copies
filed with Docket Control

cc: Ms. Sheryl Hubbard (w/enclosure; via hand delivery)
Mr. Dirk Minson (w/enclosure)
Pat Cooper, Esq. (w/enclosure)

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TARIFF

PERMANENT

Effective Date: August 1, 1998

Availability

Available to all cooperative associations which are or shall be Class A members of the Arizona Electric Power Cooperative, Inc. ("AEPCO").

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this tariff will be subject to the following rates and terms.

Demand Charge

\$15.25 per kW of billing demand, plus

Energy Charge

\$0.02228 per kWh used during billing period, plus

Fuel, Purchased Power and Demand Side Management Adjustor

\$0.000 per kWh used during billing period.

Billing Demand - The billing demand shall be that thirty minute integrated Class A member metered demand coincident at the hour of the AEPCO monthly peak. Contracts specifying demand levels and billing parameters are not included in this Class A member definition of billing demand and are billed separately.

Billing Month - The first calendar month preceding the month the bill is rendered.

Power Factor - Each member shall maintain power factor at the time of maximum demand as close to unity as possible. In the event the power factor measured at the time of the maximum demand is less than 90% lagging or leading, the maximum demand shall be adjusted for billing purposes by dividing the maximum measured demand by the measured power factor multiplied by .9. The provisions of the power factor adjustment will be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes - Bills rendered are also subject to adjustment for all federal, state and local government taxes or levies on such sales and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Fuel and Purchased Power Adjustment - The monthly bill computed under this schedule will, upon Commission Order, be increased or decreased by an amount equal to the result of multiplying the kWh used by the adjustor where:

$$F = (PC + BA) - \$0.01714$$

F = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

PC = The Commission allowed pro forma fuel, purchased power and DSM costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BA = The "Fuel Bank Account" represents allowable accumulated fuel, purchased power and DSM costs over or under collected in the past.

Allowable fuel and purchased power costs include:

- (A) Fossil Fuel consumed in AEPCO's own plants, plus
- (B) The actual costs associated with energy purchased for reasons other than identified in paragraph (C) below, plus
- (C) The net energy cost of energy purchased exclusive of capacity or demand charges (irrespective of the designation assigned to such transaction) when such energy is purchased on an economic dispatch basis. Included therein may be such costs as that charged for economy energy purchases and the charges as a result of scheduled outage. All such kinds of energy being purchased by AEPCO to substitute for its own higher cost energy, and less
- (D) The costs recovered through inter-system sales including the fuel costs related to economy energy sales and other energy sold on an economic dispatch basis.
- (E) The term "allowable fuel and purchased power costs" does not include related legal and consulting fees.

Purchased Power Cost Adjustment Provision - AEPCO shall recover the capacity or demand charges associated with purchased power contracts with a term of six months or less where the combined demand cost and energy cost are less than the cost of generation or other purchased energy being displaced. If the cost of wheeling expense from any source supplied to AEPCO pursuant to a wheeling contract is increased or decreased, AEPCO shall make a corresponding adjustment in cost calculations. The following base period charges will be deducted from current charges paid to determine the net increase or decrease to use:

(A) Wheeling
APS (Round Valley - \$2,533.92/month)

Western Area Power Administration
Firm Wheeling (\$0.68/kW month)
Mead Capacity (\$0.0712/kW month)
Anza (\$0.68/kW month)
Oracle (\$0.68/kW month)
Intertie (\$0.37/kW month)

Tucson Electric Power (\$76,960/month)

Southern California Edison (\$1.87/kW month)

Economy Sales (All wheeling charges)

Economy Purchases (All wheeling charges)

Demand Side Management Cost Adjustment Provision - AEPCO will also recover in conjunction with its Fuel, Purchased Power and DSM adjustor the costs of pre-approved demand side management programs pursuant to Decision No. 57589.